

SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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INDEPENDENT AUDITOR'S REPORT

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa County, Florida

We have audited the accompanying special purpose financial statements of the Office of the Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as "Property Appraiser"), as of and for the year ended September 30, 2001, as listed in the table of contents. These special purpose financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements were prepared for the purpose of complying with state reporting requirements, as described in Note A, and are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Santa Rosa County, Florida that is attributable to the transactions of the Property Appraiser of Santa Rosa County, Florida.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Property Appraiser, as of September 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2001 on our consideration of the Property Appraiser's internal control over financial reporting



and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

O'Sullivan Greel, LLP

December 29, 2001

Santa Rosa County, Florida Property Appraiser
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
September 30, 2001

	Governmental Fund Type	Account Group	Totals (Memorandum Only)
	General Fund	General Long-Term Debt	
ASSETS AND OTHER DEBITS			
Due from BOCC	\$ 26,529	\$ --	\$ 26,529
Amount to be provided for capital lease	--	25,554	25,554
Amount to be provided for accumulated leave	--	156,531	156,531
Total assets	<u>\$ 26,529</u>	<u>\$ 182,085</u>	<u>\$ 208,614</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 4,806	\$ --	\$ 4,806
Salaries and wages	21,723	--	21,723
Capital lease liabilities	--	25,554	25,554
Annual and sick leave	--	156,531	156,531
Total liabilities	<u>26,529</u>	<u>182,085</u>	<u>208,614</u>
Fund balance	--	--	--
Total liabilities and fund balance	<u>\$ 26,529</u>	<u>\$ 182,085</u>	<u>\$ 208,614</u>

The accompanying notes are an integral part of these financial statements.

**Santa Rosa County, Florida Property Appraiser
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GENERAL FUND
For the year ended September 30, 2001**

REVENUES

Charges for services	\$ 20,837
Miscellaneous	11,611
Total revenues	<u>32,448</u>

EXPENDITURES

Current	
Personal services	1,203,398
Operating expenditures	208,834
Capital outlay	166,460
Debt Service	
Principal	60,349
Interest	4,123
Total expenditures	<u>1,643,164</u>

Excess (deficiency) of revenues over expenditures	(1,610,716)
---	-------------

OTHER FINANCING SOURCES (USES)

BOCC appropriation	1,729,610
BOCC excess fees	(118,894)
Total other financing sources (uses)	<u>1,610,716</u>

**Excess (deficiency) of revenues and other financing
sources over expenditures and other uses**

--

FUND BALANCE, BEGINNING OF YEAR

--

FUND BALANCE, END OF YEAR

\$ --

**Santa Rosa County, Florida Property Appraiser
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS
AND ACTUAL GENERAL FUND
For the year ended September 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ --	\$ 6,242	\$ 6,242
Miscellaneous	--	11,611	11,611
Total revenues	--	17,853	17,853
EXPENDITURES			
Current:			
Personal services	1,303,550	1,203,398	100,152
Operating expenditures	197,325	194,239	3,086
Capital outlay	125,112	166,460	(41,348)
Non-operating	3,000	--	3,000
Debt Service			
Principal	60,349	60,349	--
Interest	4,123	4,123	--
Total expenditures	1,693,459	1,628,569	64,890
Excess (deficiency) of revenues over expenditures	(1,693,459)	(1,610,716)	82,743
OTHER FINANCING SOURCES (USES)			
BOCC appropriation	1,727,499	1,729,610	2,111
BOCC excess fees	(34,040)	(118,894)	(84,854)
Total other financing sources (uses)	1,693,459	1,610,716	(82,743)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	--	--	--
FUND BALANCE, BUDGETARY BASIS, BEGINNING OF YEAR	--	--	--
FUND BALANCE, BUDGETARY BASIS, END OF YEAR	\$ --	--	\$ --
Adjustment for revenues not budgeted		14,595	
Adjustment for expenditures allowed under Florida Statute 195.087		(14,595)	
FUND BALANCE, GAAP BASIS, END OF YEAR		\$ --	

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity," establishes standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Property Appraiser, as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. The Property Appraiser is considered part of Santa Rosa County, Florida's, primary government for purposes of GASB No. 14. These special purpose financial statements of the Property Appraiser are issued separately to comply with Section 10.557(3) Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45(8), Florida Statutes.

2. Fund Accounting

The accounting system of the Property Appraiser is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

The funds and account group utilized by the Property Appraiser are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

General Fund - The General Fund of the Property Appraiser is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, or any other resources not required to be accounted for in another fund.

Account Group

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to establish accountability for the Property Appraiser's long-term debt. This self-balancing account group is not a fund and does not reflect available financial resources and related liabilities. This account group reflects all long-term obligations of the Property Appraiser.

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

4. Accounting for Fixed Assets

Fixed assets are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets account group.

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

5. Budget and Budgetary Accounting

The office of the Property Appraiser operates under budget procedures pursuant to Section 195.087, Florida Statutes. As permitted by Section 195.087 certain revenues and expenditures related to copy fees, sale of maps, and other charges for services are not subject to budget procedures.

6. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not used.

7. Accumulated Unpaid Leave

The Property Appraiser does not accrue a liability for sick leave, annual leave or compensatory time in the general fund as payments on this liability will not be made with expendable available financial resources. At September 30, 2001, the liability for accumulated sick leave, annual leave and compensatory time was \$70,354, \$86,133 and \$44, respectively. These amounts are recorded in the general long-term debt account group of the Property Appraiser.

NOTE B - CASH

The Property Appraiser's deposits at year-end were held by a financial institution designated as "a qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes.

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE C - GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year:

	Balance October 1, 2000	Additions	Reductions	Balance September 30, 2001
Compensated absences	\$ 160,884	\$ --	\$ 4,353	\$ 156,531
Capital leases	85,903	--	60,349	25,554
Total	<u>\$ 246,787</u>	<u>\$ --</u>	<u>\$ 64,702</u>	<u>\$ 182,085</u>

The Property Appraiser has entered into a lease agreement for financing the acquisition of general EDP equipment and software. The lease qualifies as a capital lease for accounting purposes and a liability has been recorded for the present value of the future minimum lease payments. The acquired assets were recorded in the general fixed assets account group of the Board of County Commissioners of Santa Rosa County, Florida. The future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2001 were as follows:

Year ending <u>September 30,</u> 2002	\$ 25,634
Less amount representing interest	<u>(80)</u>
Present value of minimum lease payments	<u>\$ 25,554</u>

NOTE D - RETIREMENT PLAN

Participation - Employees of the Property Appraiser's office participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2001, the Property Appraiser contributed an average of 8.69% of each qualified regular

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE D - RETIREMENT PLAN -- (Continued)

employee's gross salary, 12.54% of each DROP participant's salary and 16.53% of the elected official's salary. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$87,586, \$94,028 and \$121,124, for the years ended September 30, 2001, 2000, and 1999, respectively.

Benefit Provisions – The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 10 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

The Deferred Retirement Optional Program (DROP) is a program under which an eligible member of the FRS may elect to participate, deferring receipt of retirement benefits while continuing employment with a FRS employer. The deferred monthly benefit accrues on behalf of the participant, plus interest compounded monthly, for the specified period of the DROP participant. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

Financial Report of the Plan - The FRS issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE E - EXCESS REVENUE

In accordance with Section 218.36(2), Florida Statutes, excess revenue is remitted to the Board of County Commissioners at fiscal year end.

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings and their contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Property Appraiser participates in this program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa County, Florida

We have audited the financial statements of the Office of the Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as "Property Appraiser"), as of and for the year ended September 30, 2001, and have issued our report thereon dated December 29, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance whether the Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the Property Appraiser and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

December 29, 2001



MANAGEMENT LETTER

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of the Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as "Property Appraiser"), as of and for the year ended September 30, 2001, and have issued our report thereon dated December 29, 2001.

We have issued our Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* dated December 29, 2001. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. a.) require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and /or violations of laws, rules and regulations, and contractual provisions, if any, reported in the preceding annual financial audit report have been corrected. There were no such matters disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. b.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendation made in the preceding financial audit report has been satisfactorily implemented except as further discussed in this letter.

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 2.), we determined that the Property Appraiser is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.



The Rules of Auditor General (Sections 10.554 (1) (g) 3., and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and on internal control structure: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, regulations and contractual provisions that have occurred or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages and defalcations and instances of fraud discovered by, or that came to the attention of, the auditor. Management has been made aware of limited segregation of duties in previous communications. Our audit disclosed no matters required to be disclosed by Rules of Auditor General (Sections 10.554 (1) (g) 3., and 4.).

This report is intended solely for the information and use of the Property Appraiser and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

December 29, 2001